

WHITE PAPER

CONDUCTING LAYOFFS RESPECTFULLY

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LAYOFFS: LEADING WITH CARE AND COMPASSION

Layoffs are often the last lever in a series of management decisions to safeguard a company through a crisis. And while making that decision is seldom easy, the coronavirus has ushered in a particularly harsh reality—that despite best efforts and intentions, scores of leaders are being forced to decide not if, but when to lay off valued employees.

As a longtime turnaround leader in some of the most trusted organizations in the life sciences industry, I've made those tough calls and conducted layoffs for companies and business units worldwide.

Handling layoffs respectfully is the key to leading well in tough times if you've exhausted all other options. **Long after a crisis has come and gone, the community you serve will remember how your leaders communicated and if your organization lived its values.** Given this, it's critical to align your messaging with your company's values. This will fully respect those that are let go and honor the company's intended relationships with all stakeholders.

Abiding by these guidelines, in addition to being well prepared, enabled me to conduct layoffs without undue risk or consequences. The following are a few things I've learned that may be of help to you.

#1 PREPARATION IS KEY

Once you've decided to lay off an employee or group of employees, the first task is addressing the logistics.

LEADERSHIP APPROVAL AND TALKING POINTS

The layoff decision needs to be approved at appropriate levels, including the board of directors, without communicating or leaking that decision to a wider audience. You don't want a board member to be caught off guard by an executive who may be affected—or worse, by a member of the media. Employing good communication and providing agreed-upon talking points in advance are some best practices.

PUBLIC COMPANY REQUIREMENTS / SEC

If your company is public and your layoff involves an employee or executive who represents a material change to the business, follow SEC rules regarding when to notify the public. Have your communication and replacement plans in place and ready to go.

ATTENDEES FOR THE NOTIFICATION MEETING

Decide who will take part in the meeting to notify the employee. This should always include someone from HR to ensure that things are done within the confines of the law and company policy. The direct supervisor of the employee should also be present, or a board member if the individual is a high-level executive. While some leaders will want to delegate the notification task to HR alone, ill will is engendered if the immediate supervisor isn't part of the discussion.

TERMINATION PACKAGE COMPONENTS

For most companies, severance packages are pre-determined, but never forget that severance is a tool. Not only does it enable affected employees to move forward, it helps assuage bad feelings, avoid litigation, recognize valued service, and more. That said, it should be used reasonably and within company guidelines, and kept confidential. Only HR, the employee, and the supervisor should know the details.

Health insurance is among the biggest concerns for most employees. A parent with four children will pay monthly \$1,500 or more out-of-pocket for even the least expensive private insurance plans. The law requires COBRA to be offered for most salaried employees, but the company can extend coverage in instances where the employee's greatest concern is continued family health insurance coverage.

Most terminated employees don't understand their stock ownership or long-term incentive plans. Make a resource available that explains the value and requirements of the assets, options going forward, and timeframes for taking action.

MESSAGING AND TRANSITION OF DUTIES

The last thing you need during a layoff is for poor communication to muddy the waters. Plan your messages carefully, and make sure they help everyone involved understand what's going on and why.

- 1.** Take care of housekeeping. In addition to the severance package, gather the information and materials you'll need for the notification meeting—for example, a termination letter, guidelines for returning company and/or employee property, information about cancelling access to the company's physical and electronic properties, and more. Your HR partner will guide you.
- 2.** Prepare what you'll say to the employee. Your message should be brief and kind. You may have to repeat it several times and help the employee come to grips with how this will affect them and their family, what will be different, and what appropriate next steps might be. In the end, this will help ensure that the individual fully grasps the decision.
- 3.** Consider the impact on your team. In an attempt to limit revealing layoff plans in advance, it's easy to overlook the practical realities of what happens afterward. So be sure to study the employee's role and plan for a transition of duties. If you fail to provide swift, clear direction about how responsibilities will change, you'll lose credibility. You'll also risk frustrating remaining team members, which could lead to morale problems and worse. Good planning can help sidestep all of this.



#2 THE TERMINATION MEETING

Being let go is considered one of five most stressful events people endure in their lifetimes, right up there with death, divorce, major illness, and moving. So before you meet with your employee to convey the news, take the time to prepare physically and mentally. It will help reduce stress for both of you.

CHOOSE THE LOCATION CAREFULLY

The time and place for the meeting should be based on the following objectives:



Settings can include company offices and boardrooms, restaurants and coffee shops, or an attorney's office. If the situation is particularly tense, consider having a security guard present. While this may seem extreme, do what you need to do to ensure your safety and that of your team.

SET THE TONE FROM THE START



Be firm, this is not a negotiation. The decision has been made and needs to happen for the good of the company and its shareholders and stakeholders.



Prepare for a range of responses, including shock, tears, anger, and even laughter or disbelief.



Listen and pay attention to the essence of what your employee is saying. They need to know they've been heard. Remember that work, title, and responsibilities often make up a big part of someone's identity. Losing that causes many to lose their sense of self, which can be devastating. Taking this into account can help you put together the best overall severance package—for example, one that includes outplacement services, support groups, and/or executive coaching.



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EXPLAIN WHY

A key principal in adult learning is that accepting a new idea hinges on understanding the why. A well-communicated explanation of what led to the decision, including other options that may have been considered, will go a long way toward helping most people accept the situation more fully.

#3 BEST PRACTICES

Every company and culture have their own laws, guidelines, customs, and generally accepted practices to follow, and every situation is different. The common thread in managing layoffs effectively is that, more than anything, people need honesty and empathy.

BE HONEST

Over time, many executives who have been let go come to see that they may not have performed their best, the role outgrew them, or the company needed to make changes because of market conditions. In short, they understood *why* the decision was made and learned from it. Ideally, that's the perspective you want your layoff conversation to inspire, and it hinges on honesty.

Honesty means communicating with clarity—no hedging, no embellishment, no gray areas. Be clear, concise, straightforward, and final. When people are faced with life-changing circumstances, willingness to accept anything other than the plain truth is minimal. While your message may feel too harsh to deliver, most employees express appreciation that “you told me straight.” Anything less can complicate the process and the clarity of the decision.

LEAD WITH EMPATHY

Empathy can be described in many ways. It's as easy as putting yourself in another's shoes and helping that person anticipate a new reality with the resources you make available. As you assemble a severance package for someone—a senior manager, for example—take their stress, anxiety, and potential loss of identity into account, however temporary those feelings may be.

One of the biggest issues for executives in transition is not going to an office every day and losing the camaraderie that comes with it. Some retreat in anger or embarrassment of being let go. Offering outplacement services that provide focus, job search resources, and a network of others in similar circumstances is a much-needed and appreciated benefit.

If you're letting go of an executive who's an asset to the company but whose behaviors are detrimental to the team or culture, providing coaching services can be invaluable. A good executive coach can help leaders gain perspective, identify and resolve issues, and develop more effective ways of behaving and communicating. A coach can also help bolster confidence in individuals with a diminished sense of self and help them find a better job fit.

THE BOTTOM LINE

Layoffs are never just a business decision. They're about people—people who will long remember how the layoff was conducted and how they were treated. So, plan thoughtfully and deliver your messages clearly, honestly, professionally, and kindly. It might not be easy, but you'll have the confidence of knowing that you served your employees and your organization well.

ABOUT THE AUTHOR



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